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# Arizona Economic Forecast: 2016 & 2017

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**JIM ROUNDS, PRESIDENT**  
**ROUNDS CONSULTING GROUP**

# Numbers Only?

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- Numbers are great, if you also understand the story behind them...
- What is the story?

# How certain are the forecasts?

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# So, what do we do in this situation?

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# U.S. and Global Conditions

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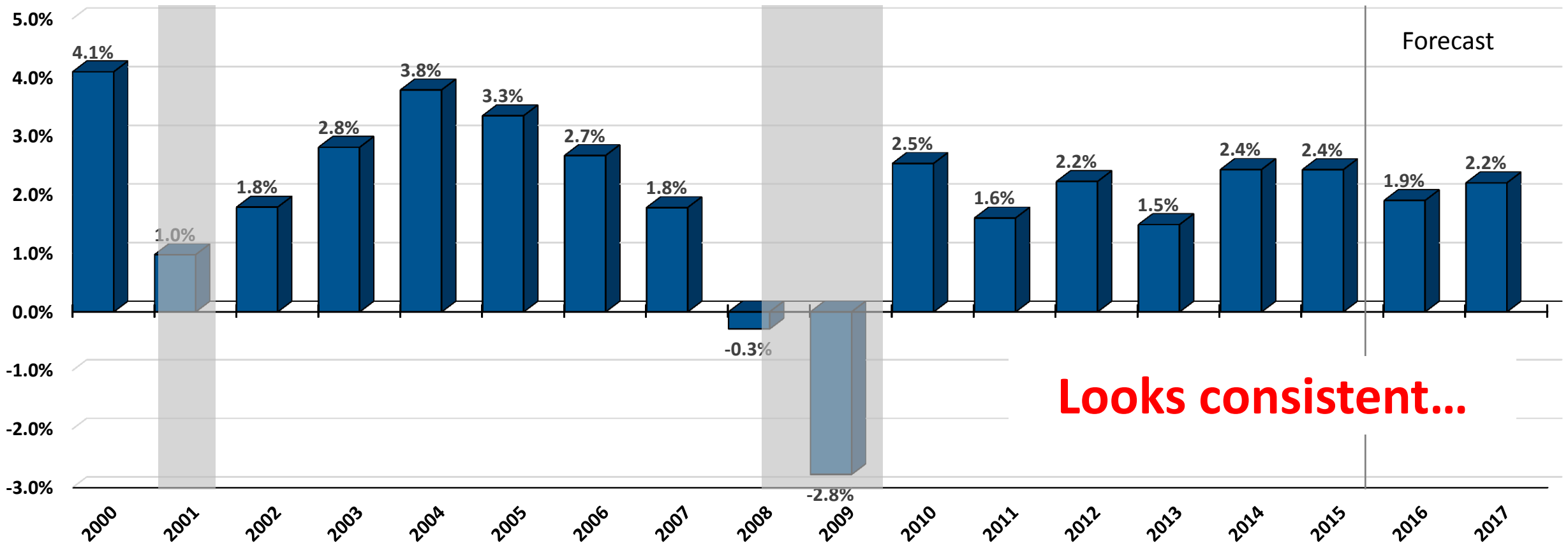


# U.S. Real GDP

## Annual Percent Change 2000 - 2017\*

Source: U.S. Bureau of Economic Analysis; Blue Chip Economic Indicators

Recession Period

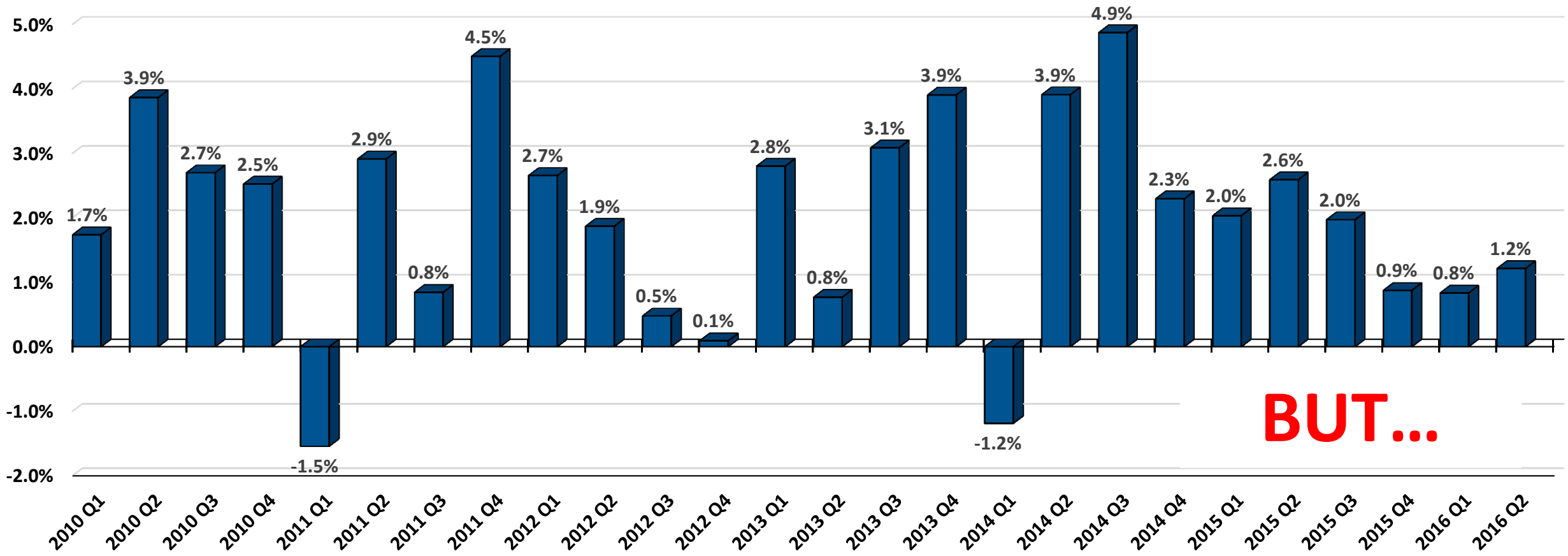


\*Forecast from the Blue Chip Economic Indicators

# U.S. Real GDP

## Annualized Percent Change 2010 - 2016\*

Source: U.S. Bureau of Economic Analysis



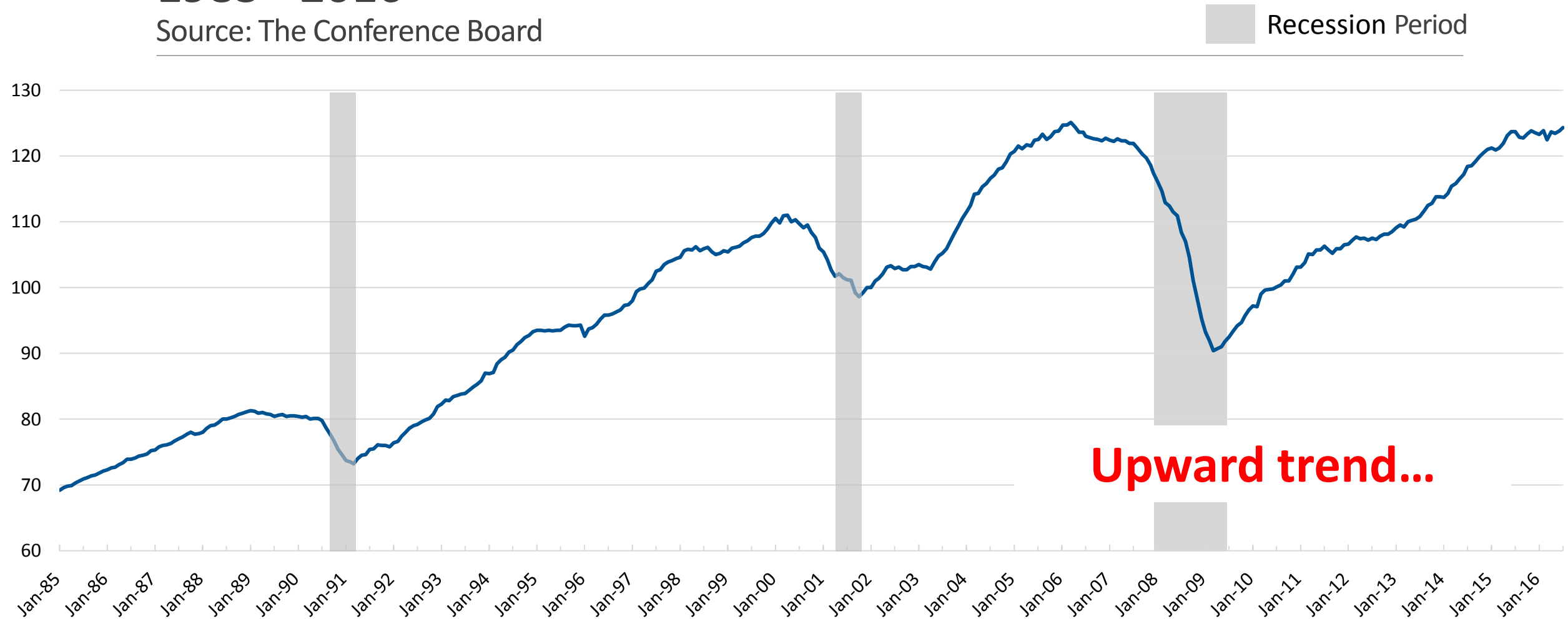
**BUT...**

\*Data through Q2 2016

# U.S. Leading Indicators

1985 - 2016\*

Source: The Conference Board



\*Through July 2016



# U.S. Leading Indicators – Components

July 2016

Source: The Conference Board

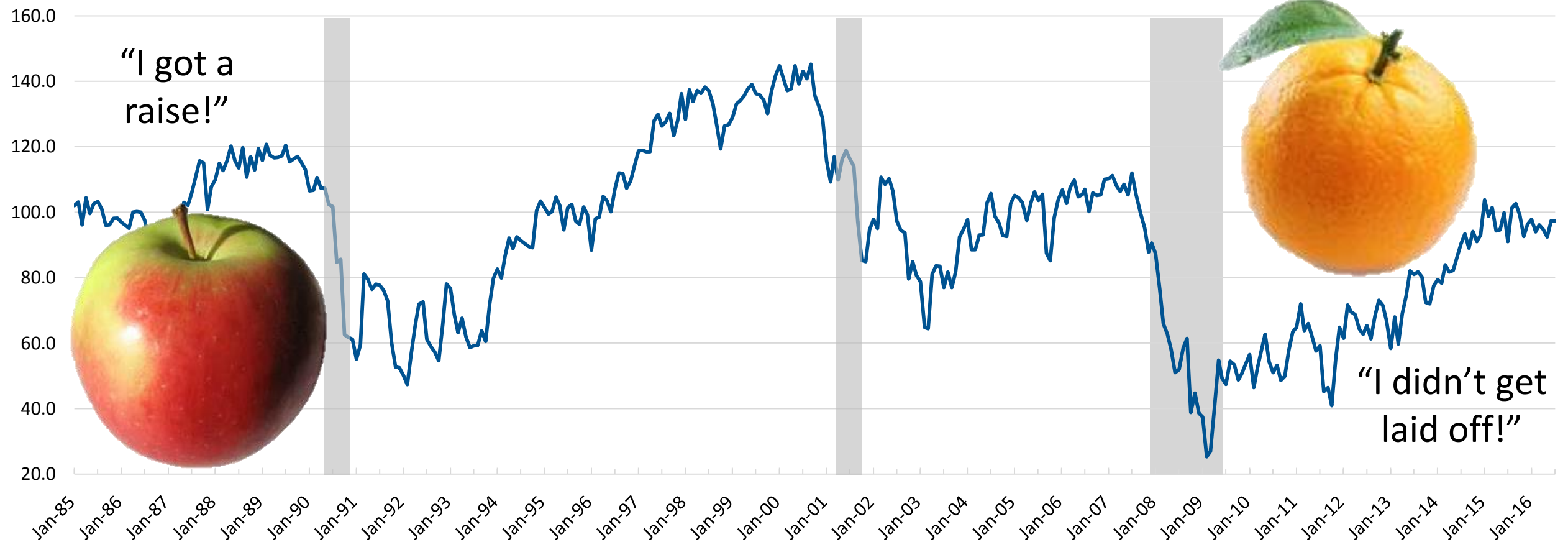


# U.S. Consumer Confidence

1985 - 2016\*

Source: The Conference Board

Recession Period



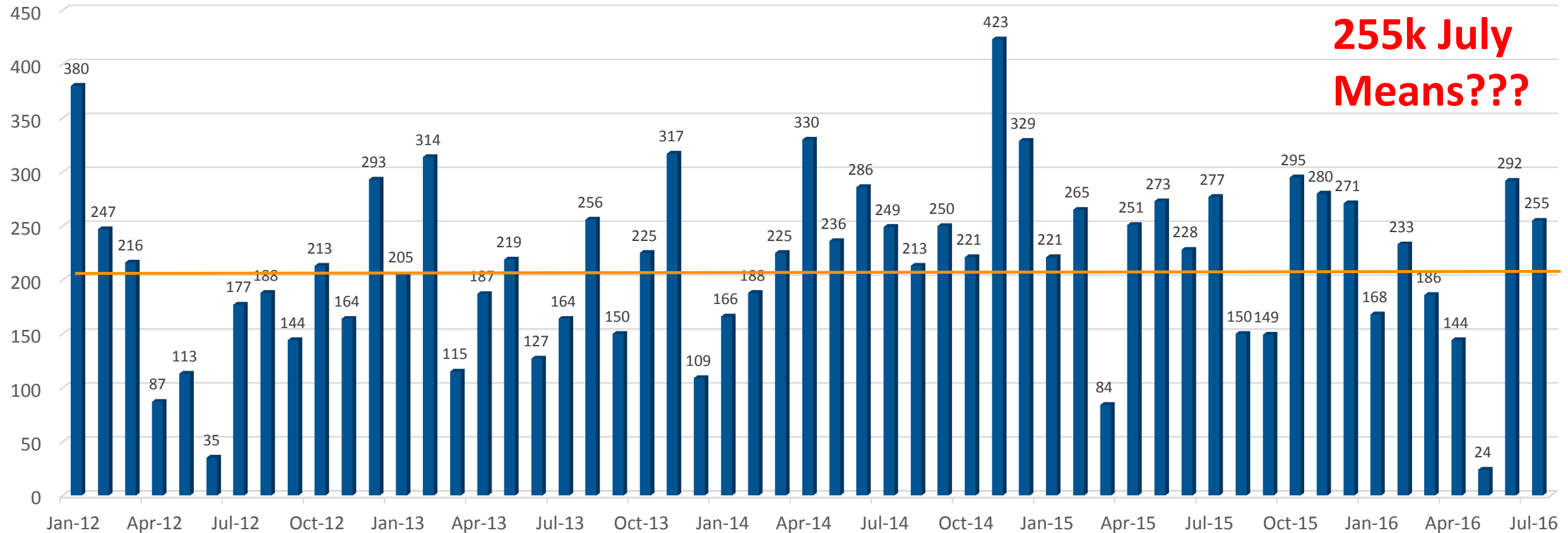
\*Through July 2016

# U.S. Employment Net Change

2012 - 2016\*

Source: U.S. Bureau of Labor Statistics

Thousands



\*Through July 2016

# US Housing Market Trends

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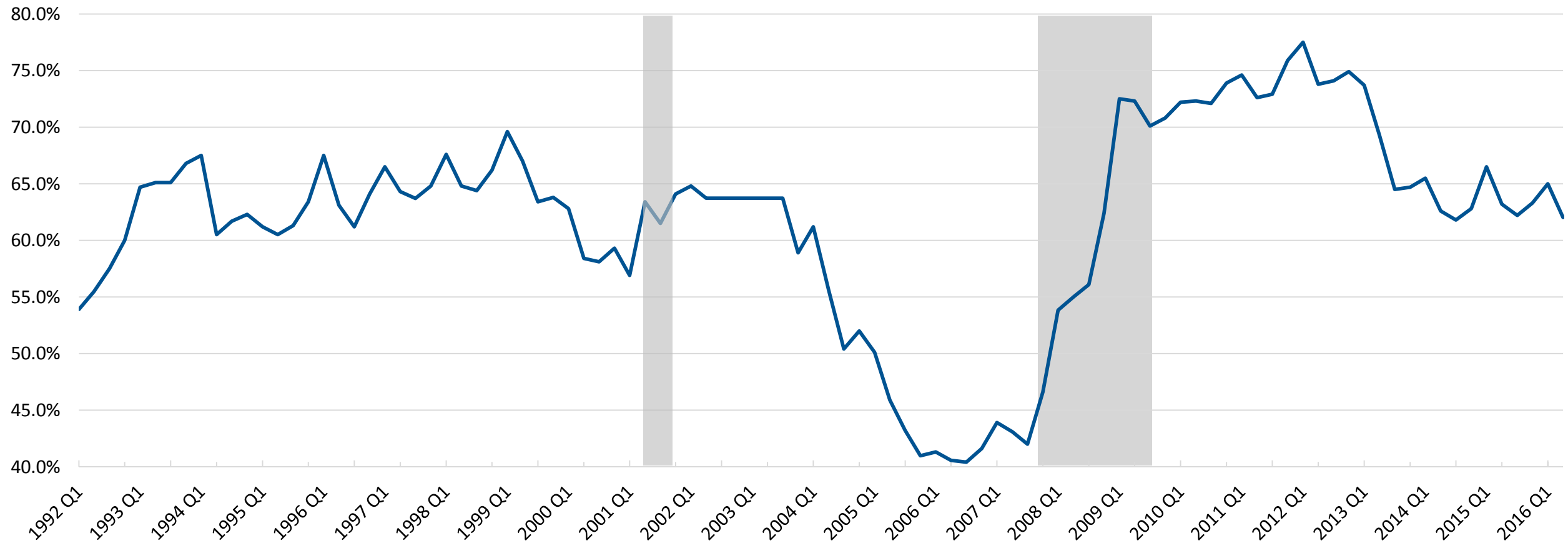


# Are Homes Affordable...

Share of U.S. Homes Sold Affordable to a Family Earning the Median Income 1992-2016\*

Source: NAHB/Wells Fargo; Housing Opportunity Index

Recession Period



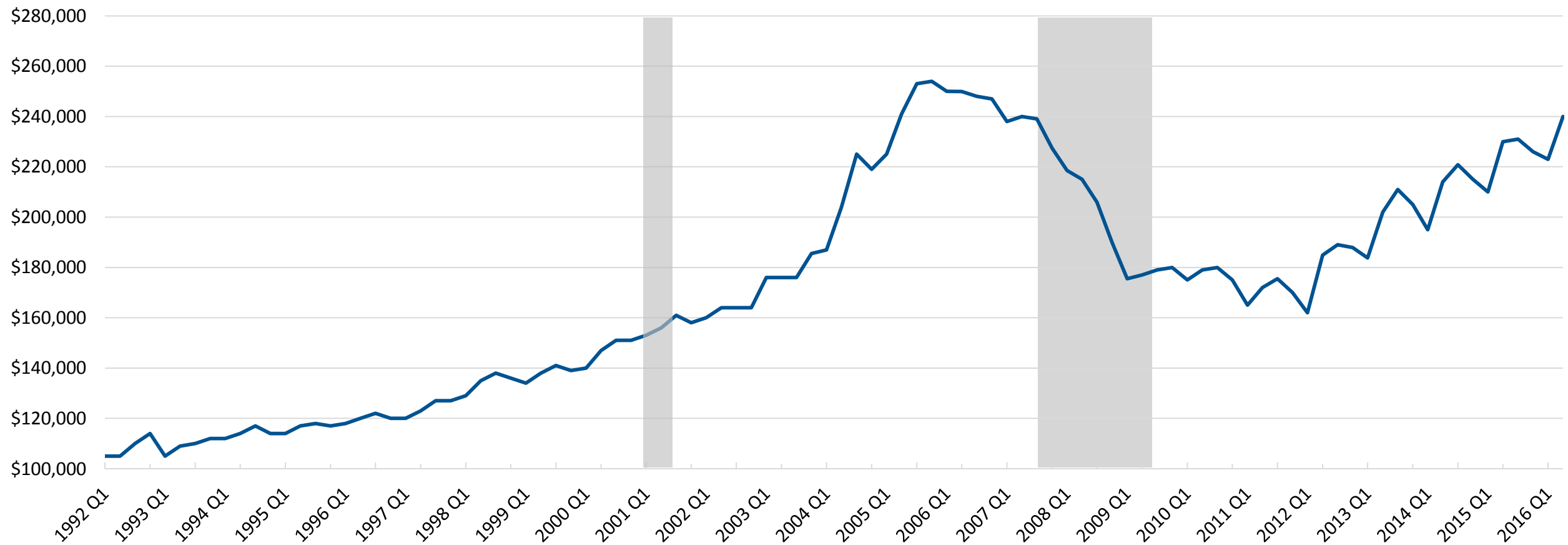
\*Through Q2 2016

# Home Prices Recovering...

## U.S. Median Price of Homes Sold 1992-2016\*

Source: NAHB/Wells Fargo

Recession Period



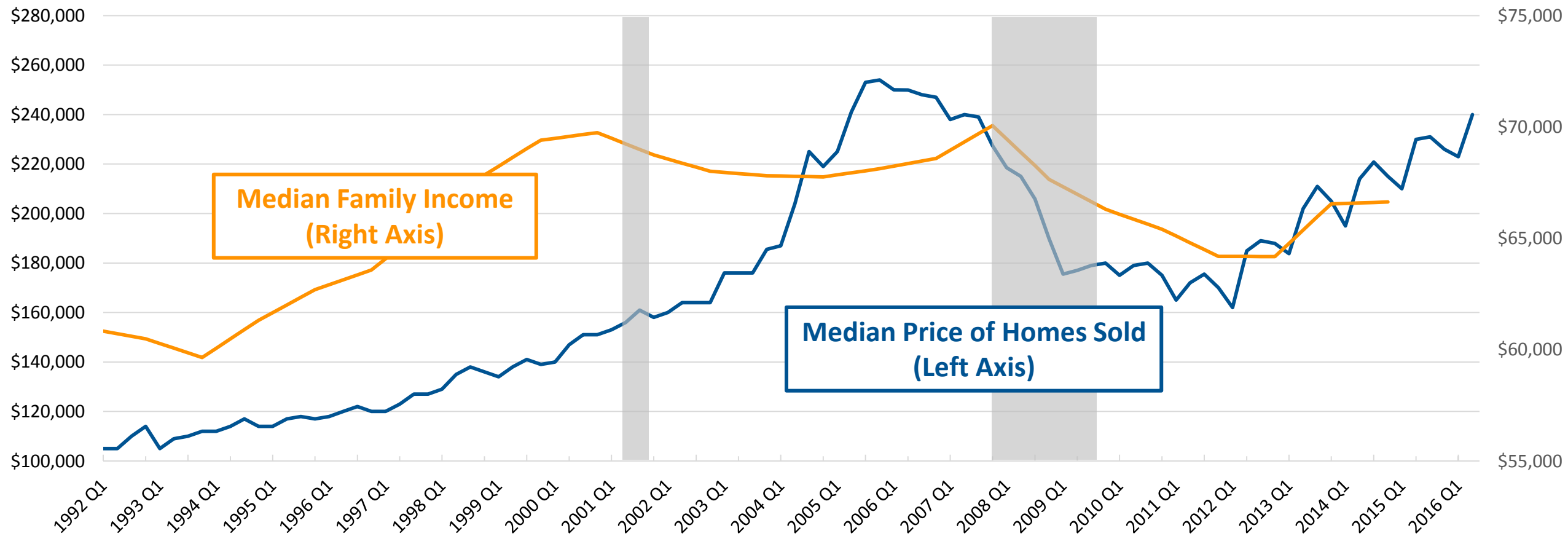
\*Through Q2 2016

# U.S. Price of Home Sold v. Family Income

1992-2016\*

Source: NAHB/Wells Fargo; U.S. Census Bureau

Recession Period



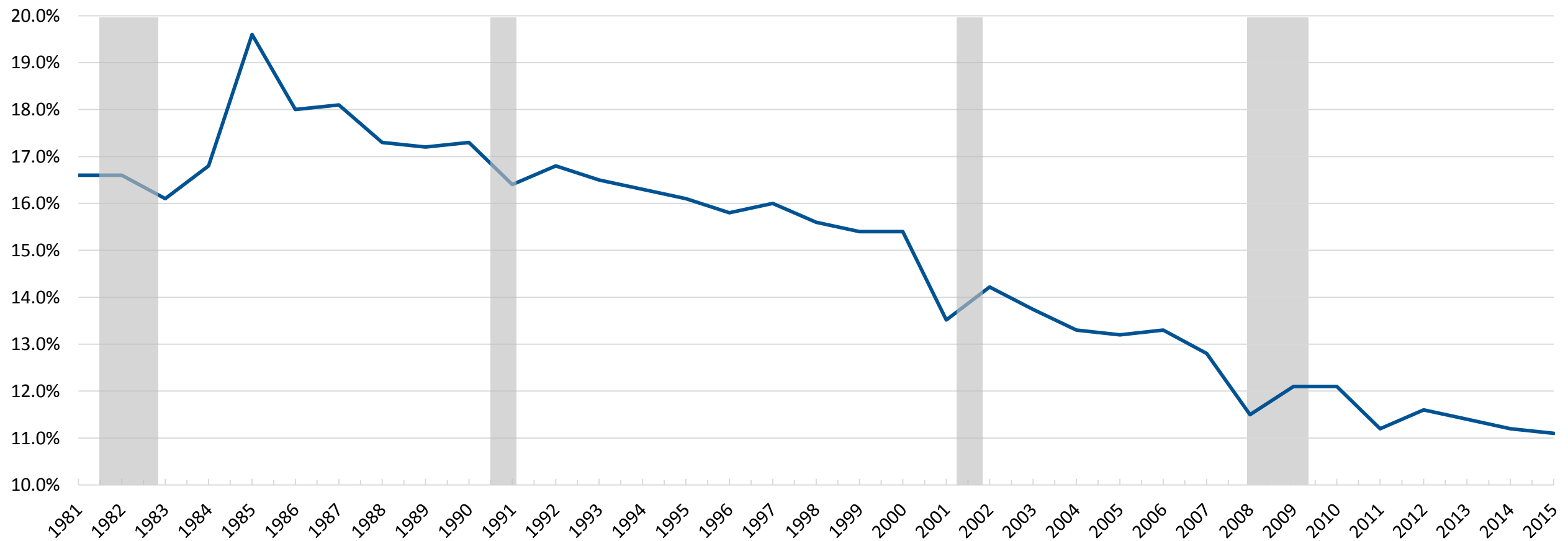
\*Through Q2 2016

# People Not Moving...

## Percent of U.S. Pop. Living in a Different Residence 1981-2015

Source: U.S. Census Bureau

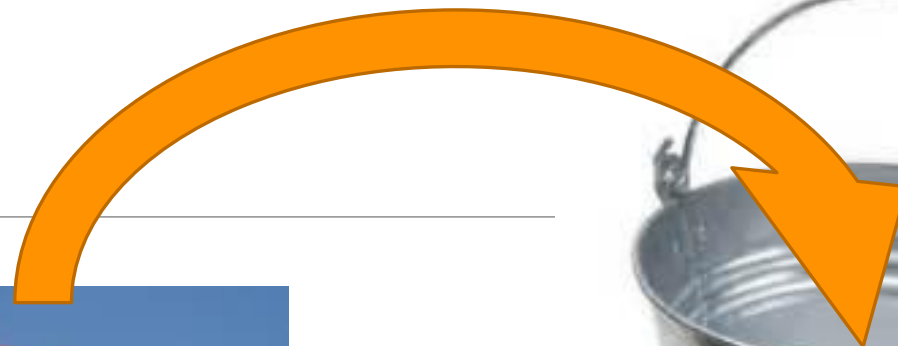
Recession Period





# Risks?

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# Summary - US Economy:

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- Rates of growth may be up,
- Economic risk is also up,
- Stock market volatility will continue,
- US housing risks,
- Look for **TRENDS**...i.e. strong/weak jobs reports, strong/weak GDP, etc.

# Arizona...

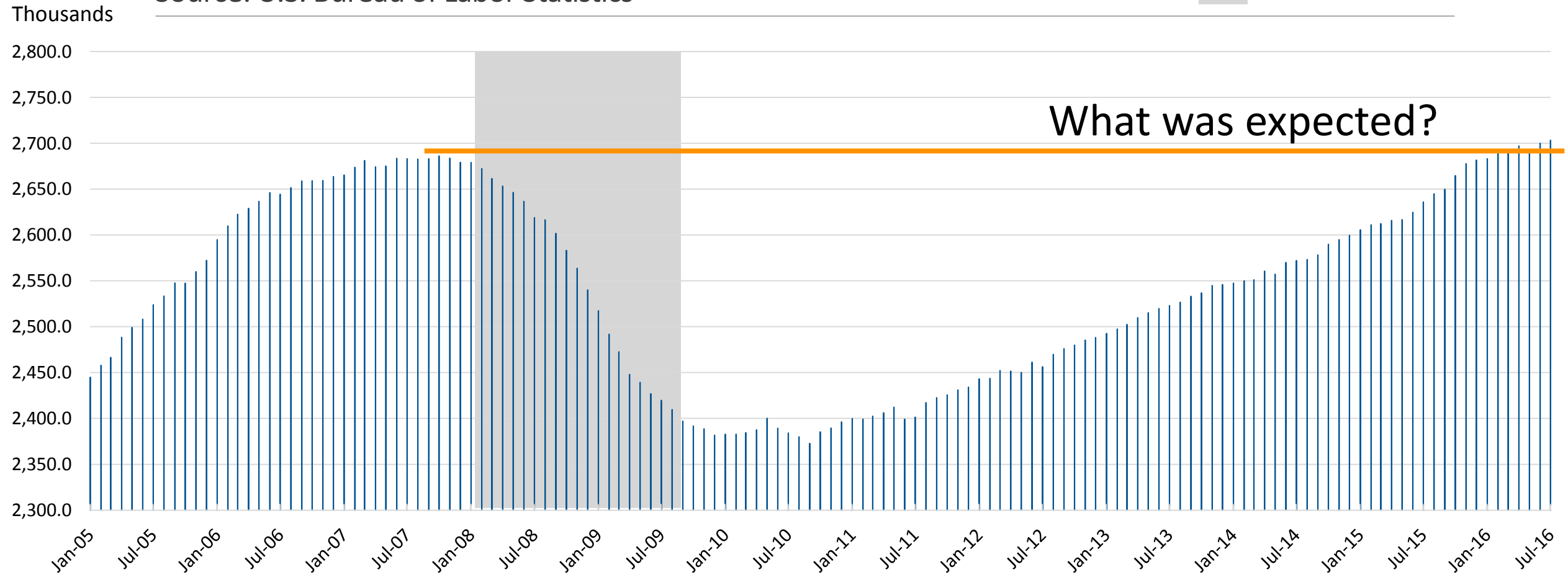


# AZ Employment is 105.4% Recovered

2005 - 2016\*

Source: U.S. Bureau of Labor Statistics

Recession Period



\*Through July 2016



# Math Rules... Fall far, grow strong...

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$$\begin{array}{c} 50\% \\ / 2 = \end{array}$$

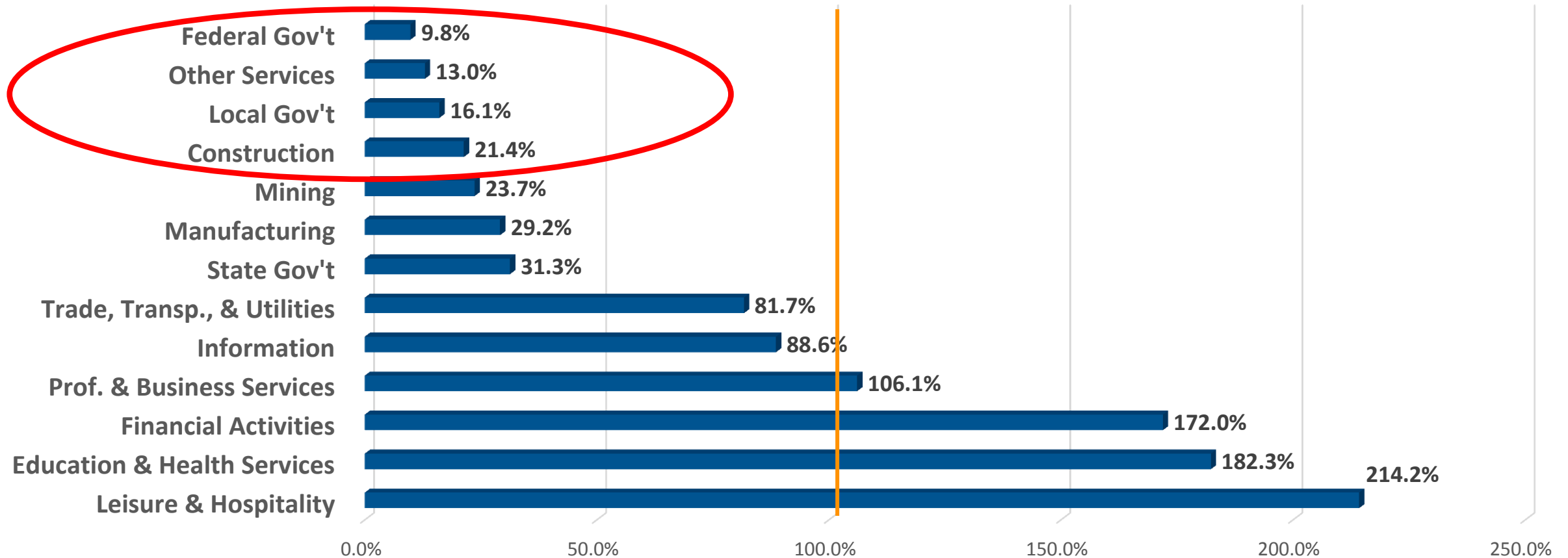


$$\begin{array}{c} 100\% \\ \times 2 = \end{array}$$



# AZ Employment Recovery by Industry

Source: U.S. Bureau of Labor Statistics



\*Through July 2016

# U.S. Job Growth 2015

## State Ranking

Source: U.S. Bureau of Labor Statistics

Rank	%	State	Rank	%	State
1	3.76%	Utah	11	2.57%	Arizona
2	3.43%	Florida	12	2.47%	Tennessee
3	3.34%	Nevada	13	2.42%	North Carolina
4	3.30%	Oregon	14	2.41%	Texas
5	3.10%	Colorado	15	2.35%	Delaware
6	2.99%	California	16	1.82%	Indiana
7	2.96%	Idaho	17	1.79%	Virginia
8	2.95%	Georgia	18	1.77%	Arkansas
9	2.89%	Washington	19	1.72%	Massachusetts
10	2.71%	South Carolina	20	1.68%	Montana

# U.S. Job Growth 2016\*

## State Ranking

Source: U.S. Bureau of Labor Statistics

Rank	%	State	Rank	%	State
1	3.48%	Idaho	11	2.69%	Colorado
2	3.33%	Oregon	12	2.51%	Nevada
3	3.24%	Utah	13	2.43%	South Carolina
4	3.12%	Florida	14	2.23%	Hawaii
5	3.10%	Washington	15	2.21%	Michigan
6	2.96%	Georgia	16	2.21%	North Carolina
7	2.90%	Arizona	17	2.15%	Virginia
8	2.79%	Delaware	18	1.94%	Arkansas
9	2.75%	California	19	1.93%	Maryland
10	2.72%	Tennessee	20	1.82%	Massachusetts

\*Through July 2016

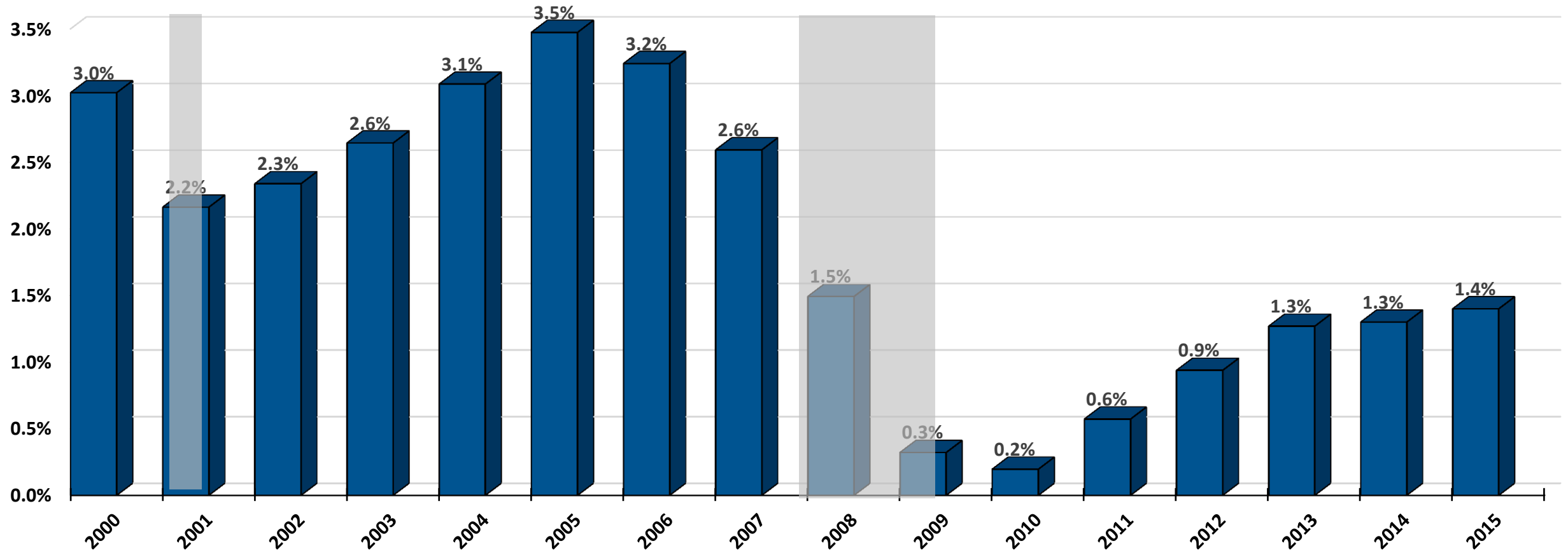


# Arizona Population (Census modeled July 2015)

## Annual Percent Change 2000 - 2015

Source: Arizona Department of Administration

Recession Period



# AZ Housing Market Trends

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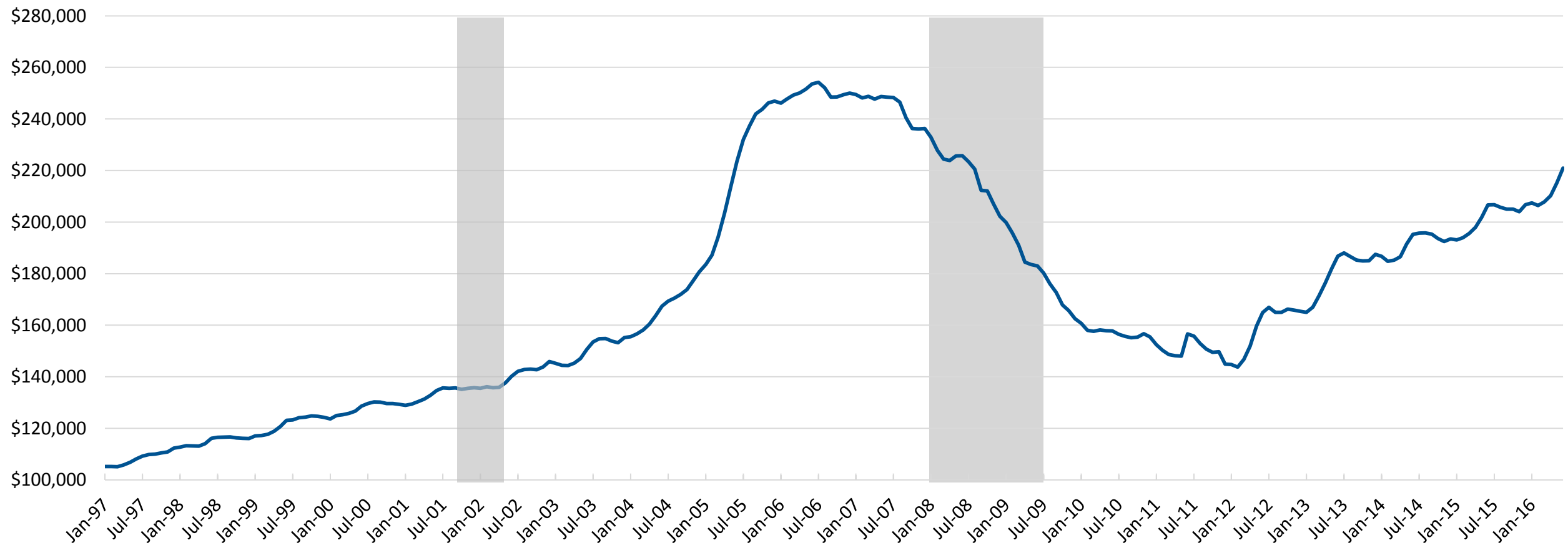


# Arizona Median Price of Homes Sold

1997-2016\*

Source: Zillow Research

Recession Period



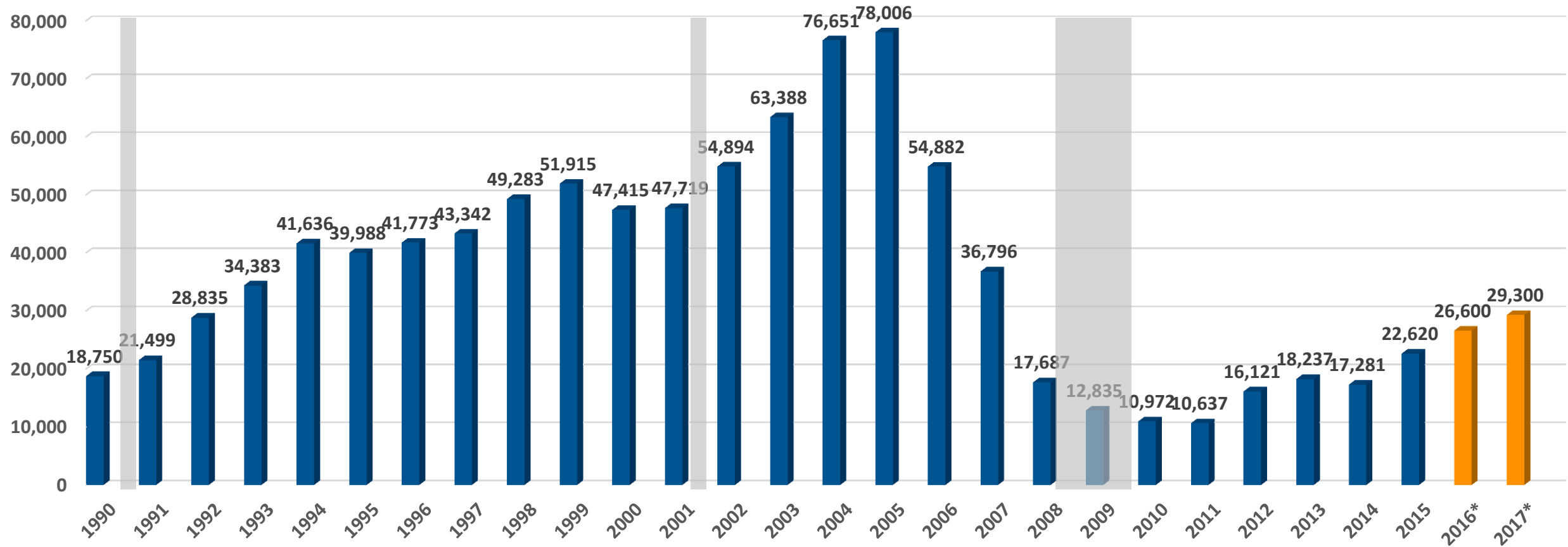
\*Through June 2016

# Arizona Single Family Home Permits

1990-2017\*

Source: U.S. Census Bureau

Recession Period



\*Forecast

# Arizona Summary –

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- No boom, but data looks good,
- Some regions doing better than others,
- AZ **will** outpace nation,
- Some things we cannot control.
- ***What can we control?***



# Metro Phoenix recovery finally strong?

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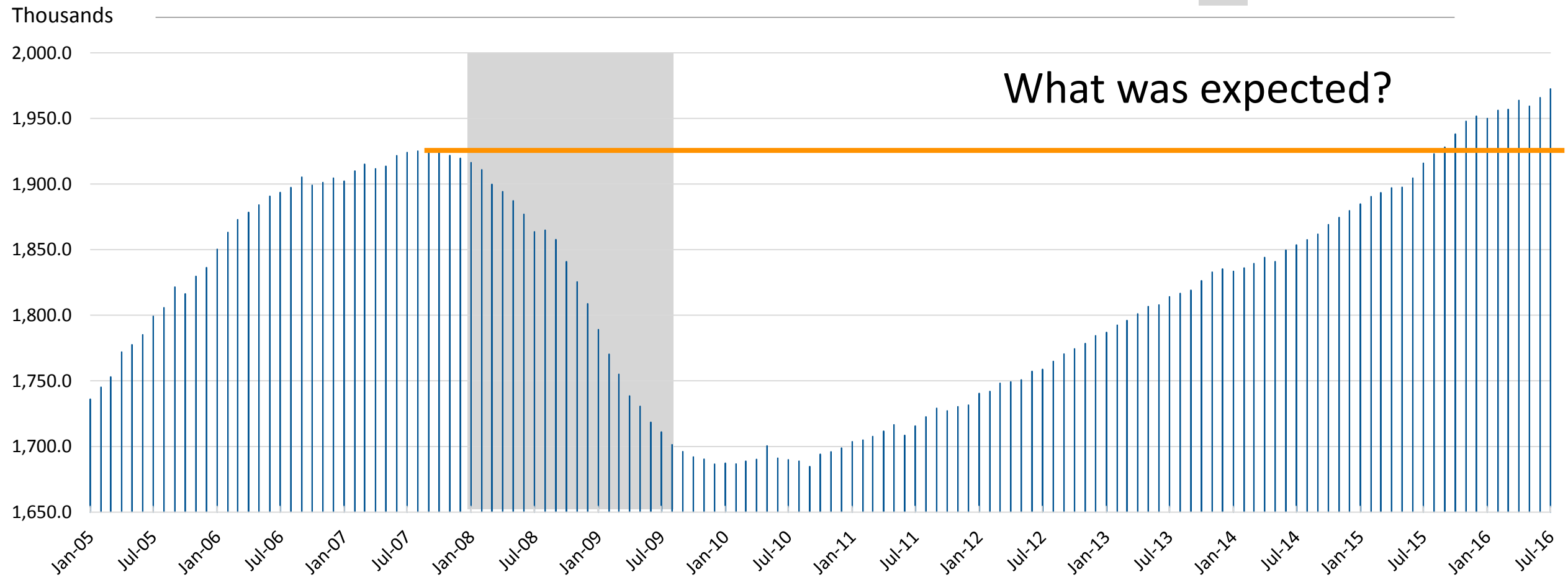


# Metro Phoenix Employment is 119.6% Recovered

2005 - 2016\*

Source: U.S. Bureau of Labor Statistics

Recession Period



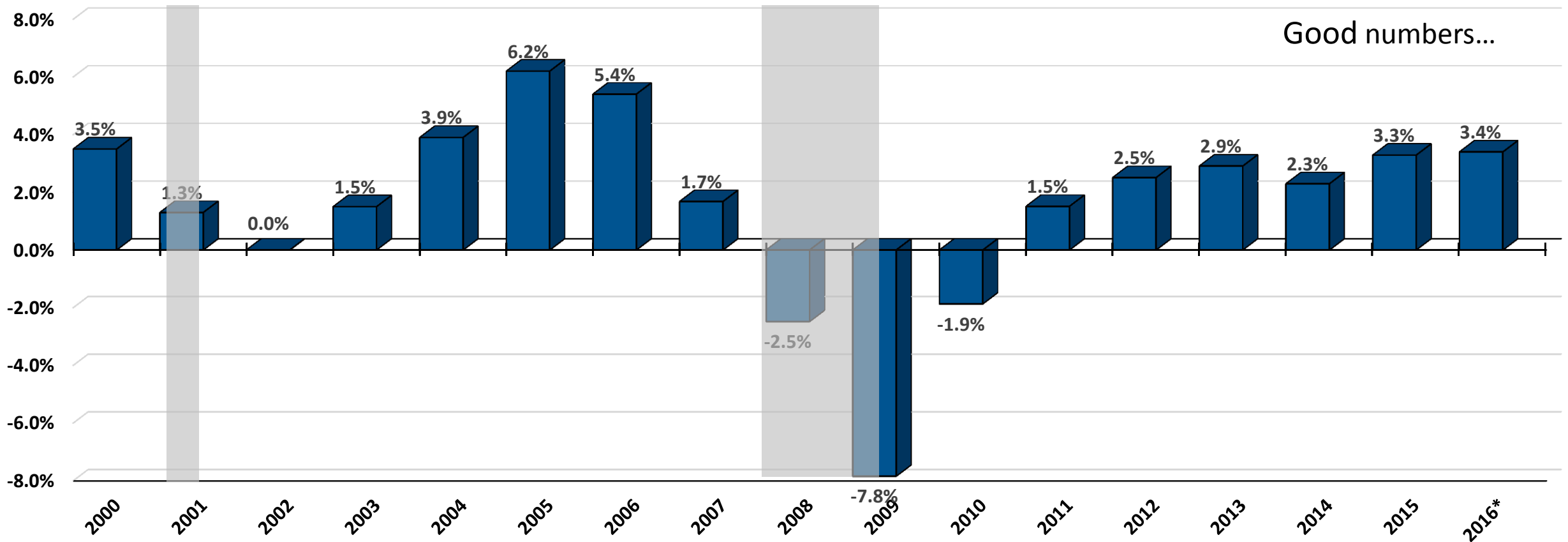
\*Through July 2016

# Metro Phoenix Employment

Annual Percent Change 2000 - 2016\*

Source: Arizona Department of Administration

Recession Period



\*YTD through July 2016

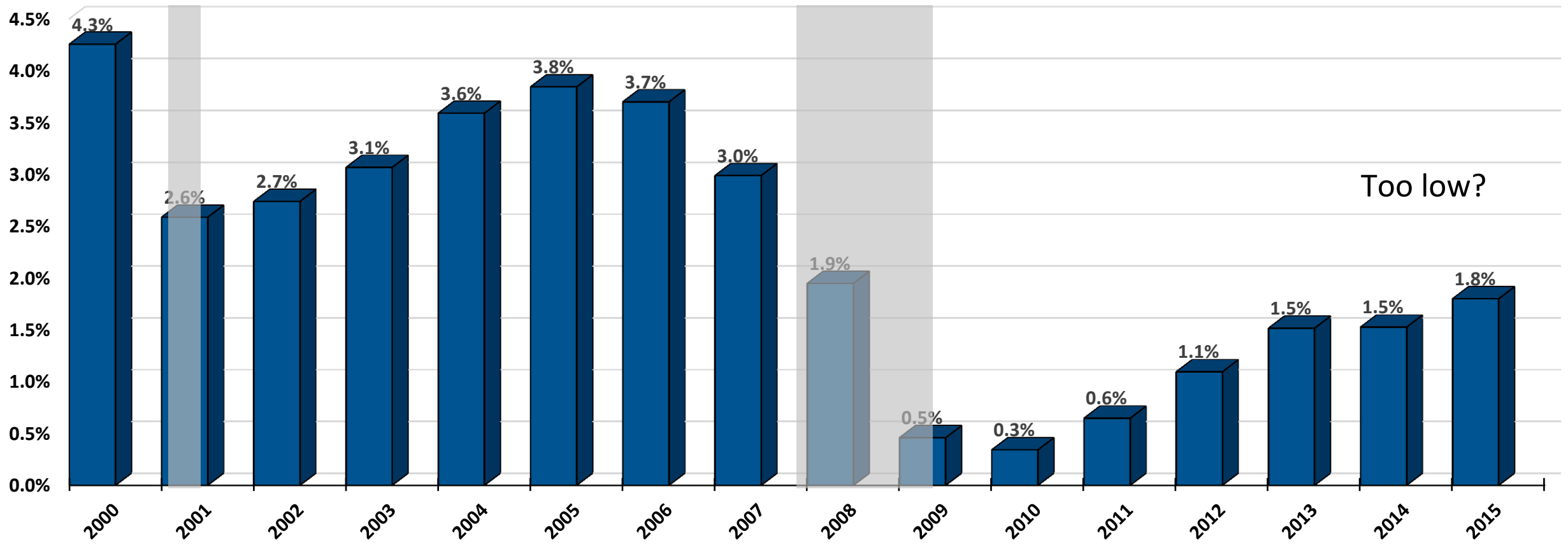


# Metro Phoenix Population

## Annual Percent Change 2000 - 2015

Source: Arizona Department of Administration

Recession Period



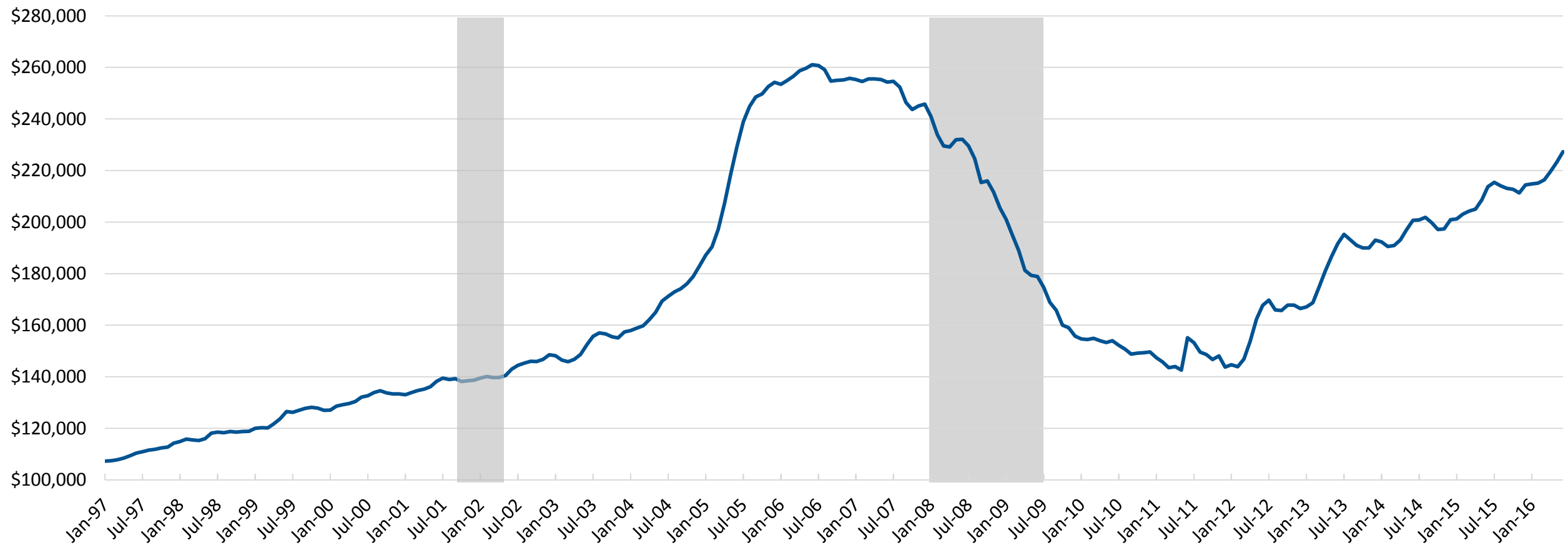
Too low?

# Metro Phoenix Median Price of Homes Sold

1997-2016\*

Source: Zillow Research

Recession Period



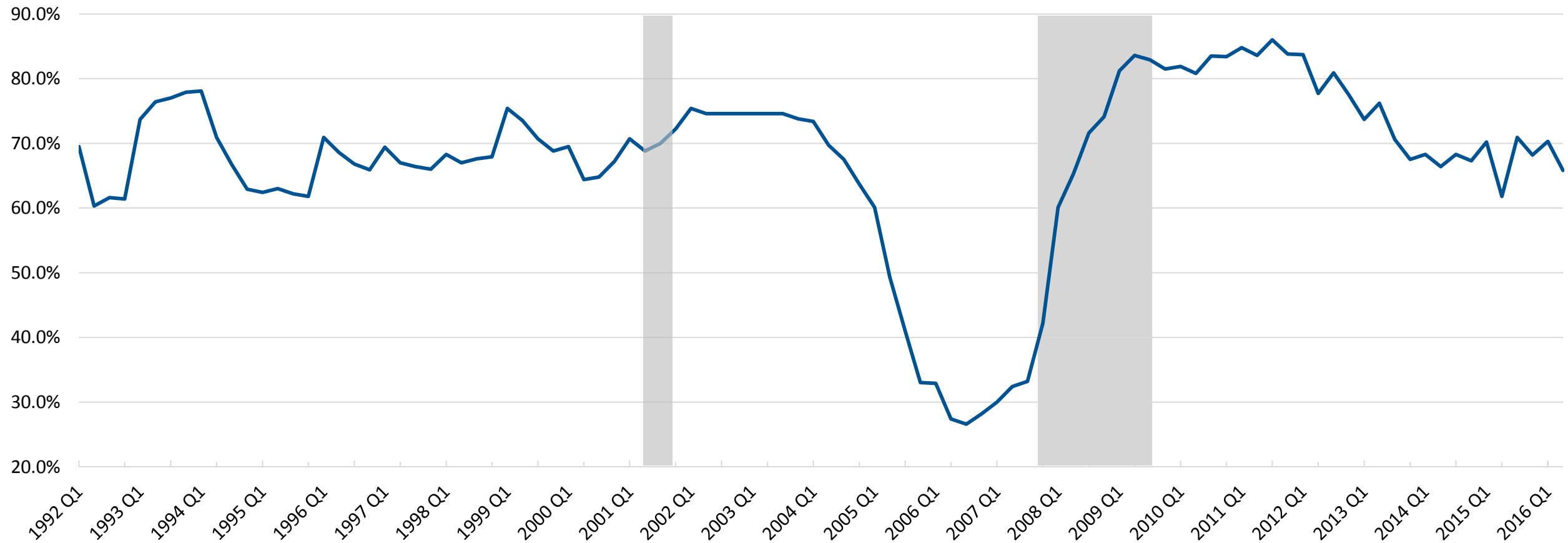
\*Through June 2016

# Metro Phoenix Housing Opportunity Index

Share of Homes Sold Affordable to a Family Earning the Median Income 1992-2016\*

Source: NAHB/Wells Fargo; Housing Opportunity Index

Recession Period



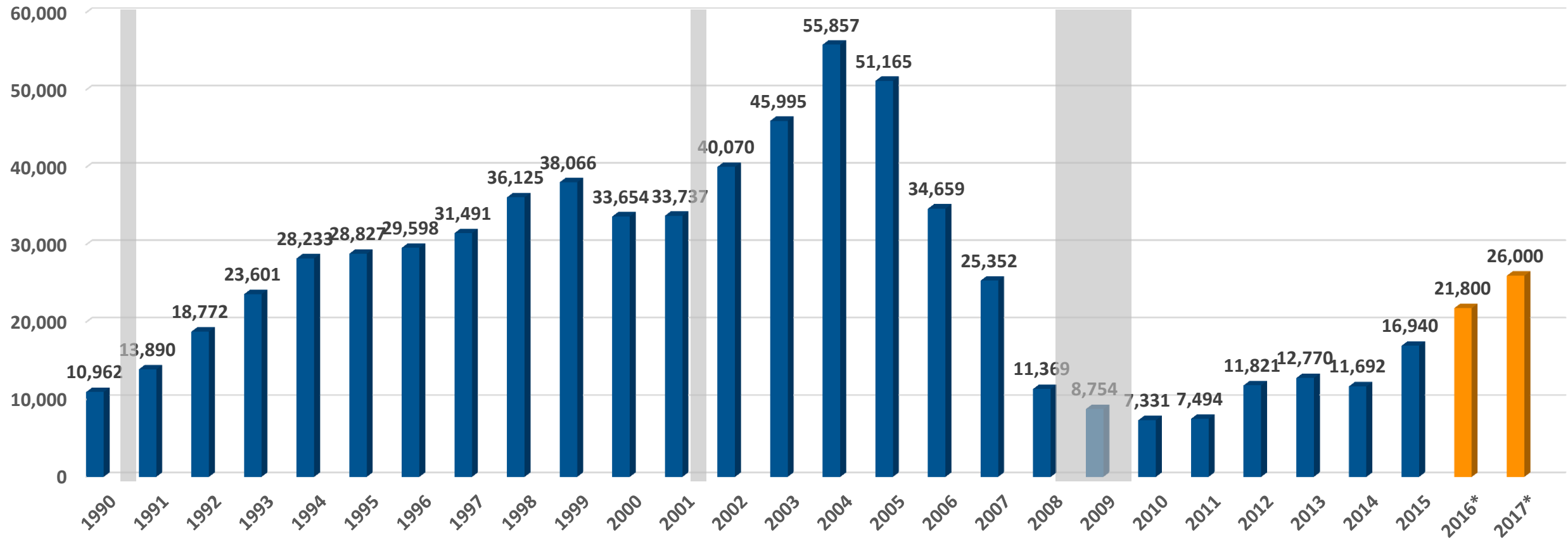
\*Through Q2 2016

# Metro Phoenix Single Family Home Permits

1990-2017\*

Source: U.S. Census Bureau

Recession Period



\*Forecast

# Tucson: From struggling to growth?

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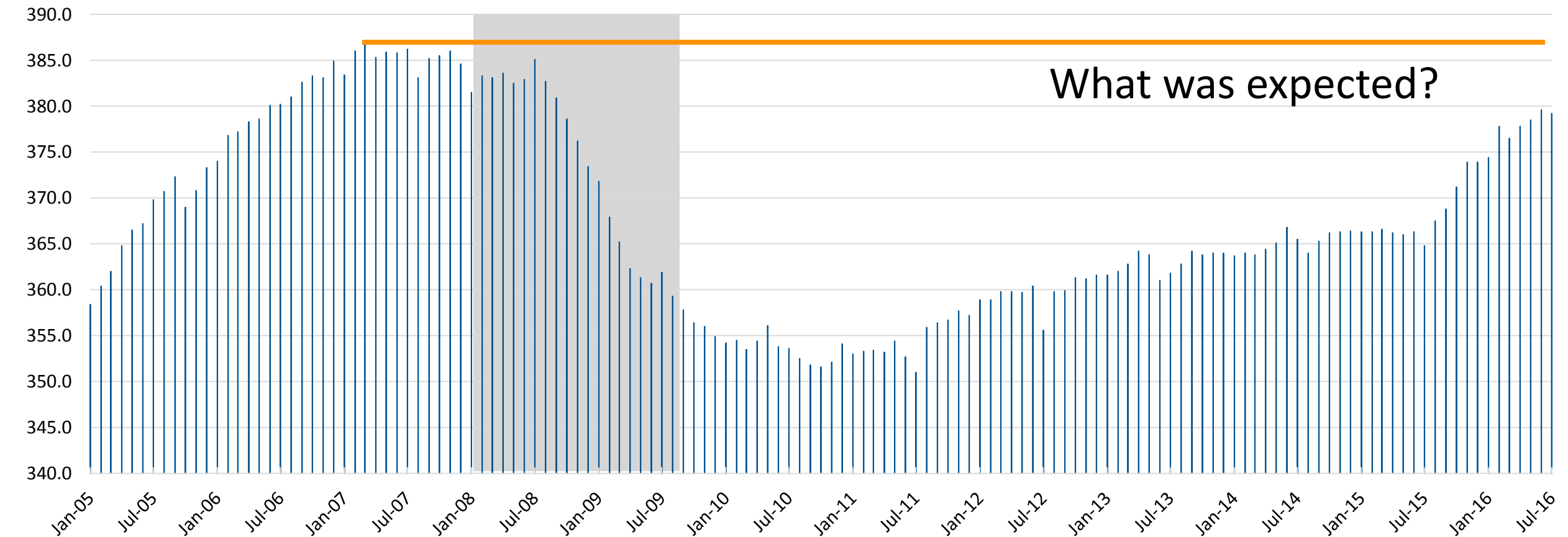
# Metro Tucson Employment is 78.3% Recovered

2005 - 2016\*

Source: U.S. Bureau of Labor Statistics

Recession Period

Thousands



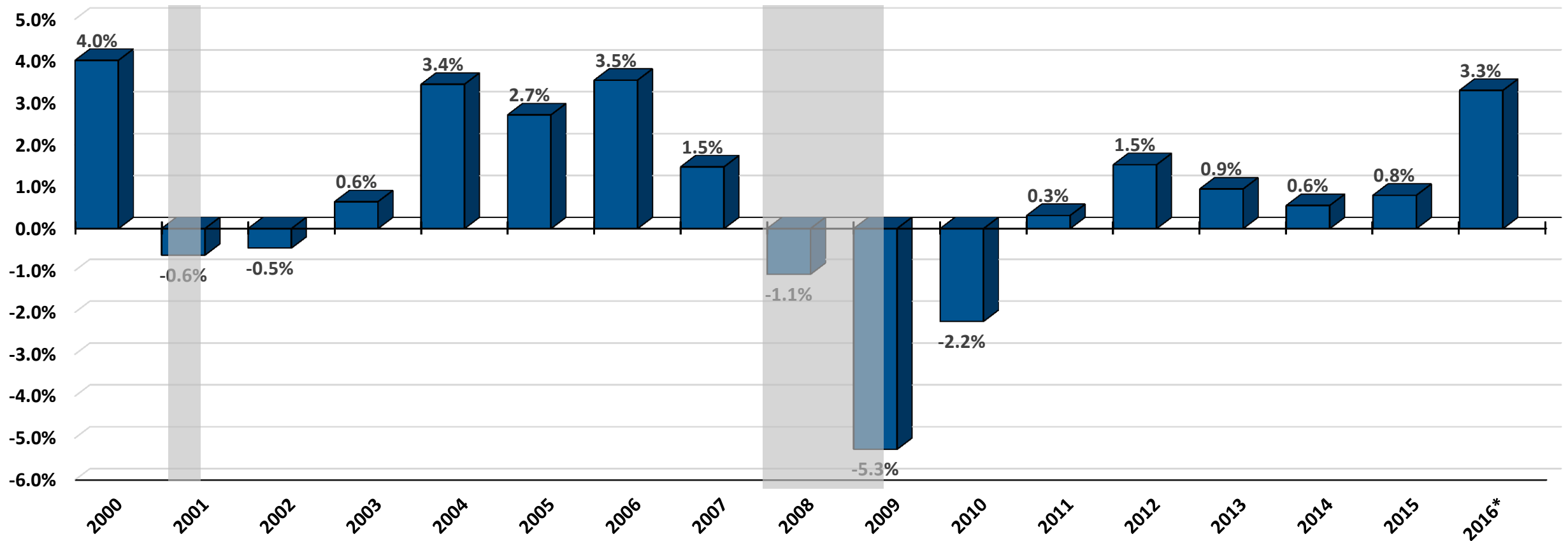
\*Through July 2016

# Metro Tucson Employment

## Annual Percent Change 2000 - 2016\*

Source: Arizona Department of Administration

Recession Period



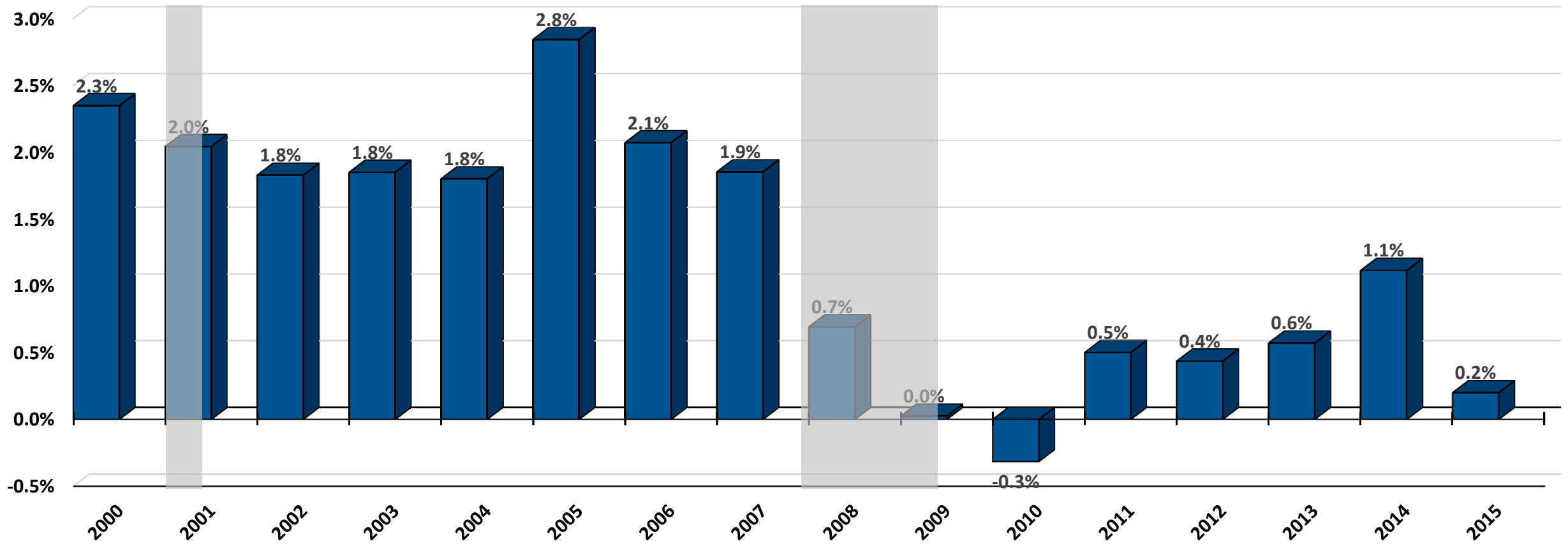
\*YTD through July 2016

# Metro Tucson Population

## Annual Percent Change 2000 - 2015

Source: Arizona Department of Administration

Recession Period



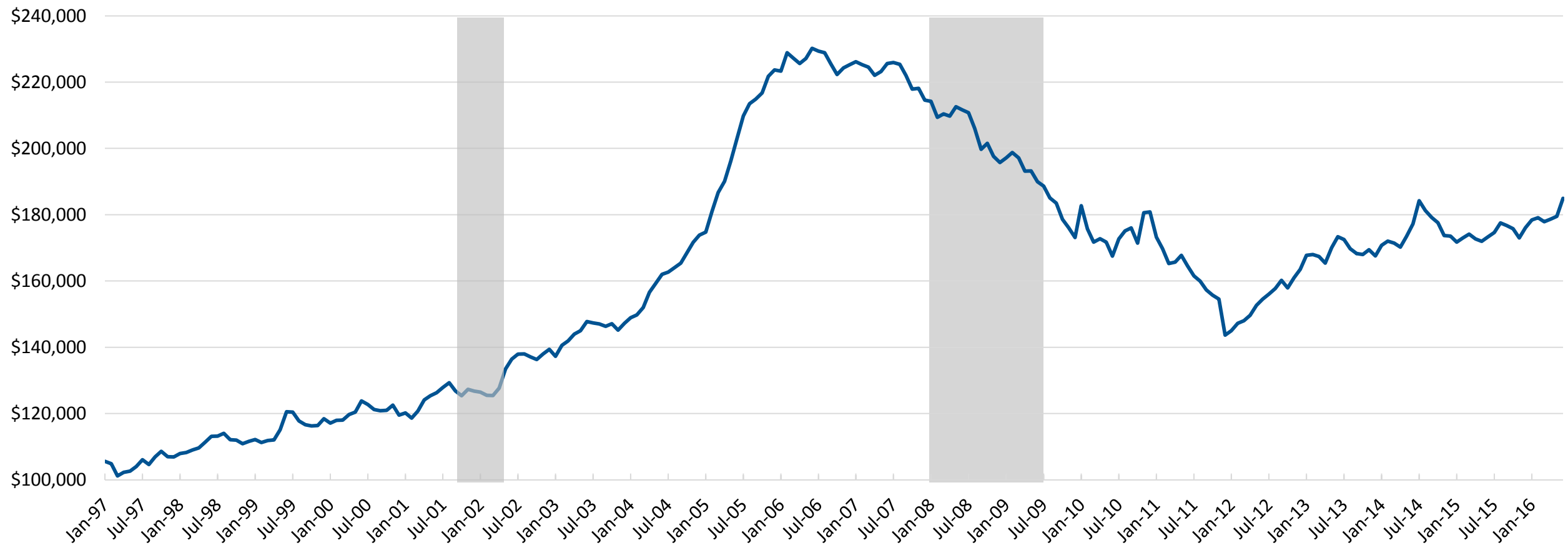


# Metro Tucson Median Price of Homes Sold

1997-2016\*

Source: Zillow Research

Recession Period



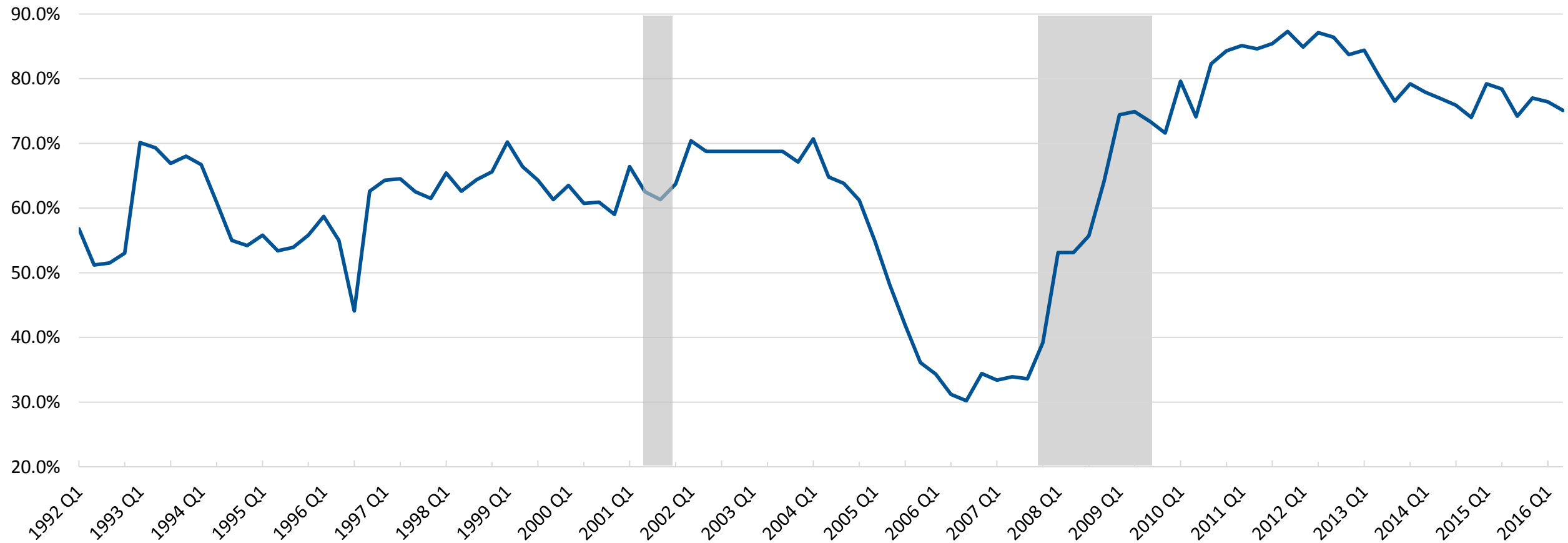
\*Through June 2016

# Metro Tucson Housing Opportunity Index

Share of Homes Sold Affordable to a Family Earning the Median Income 1992-2016\*

Source: NAHB/Wells Fargo; Housing Opportunity Index

Recession Period



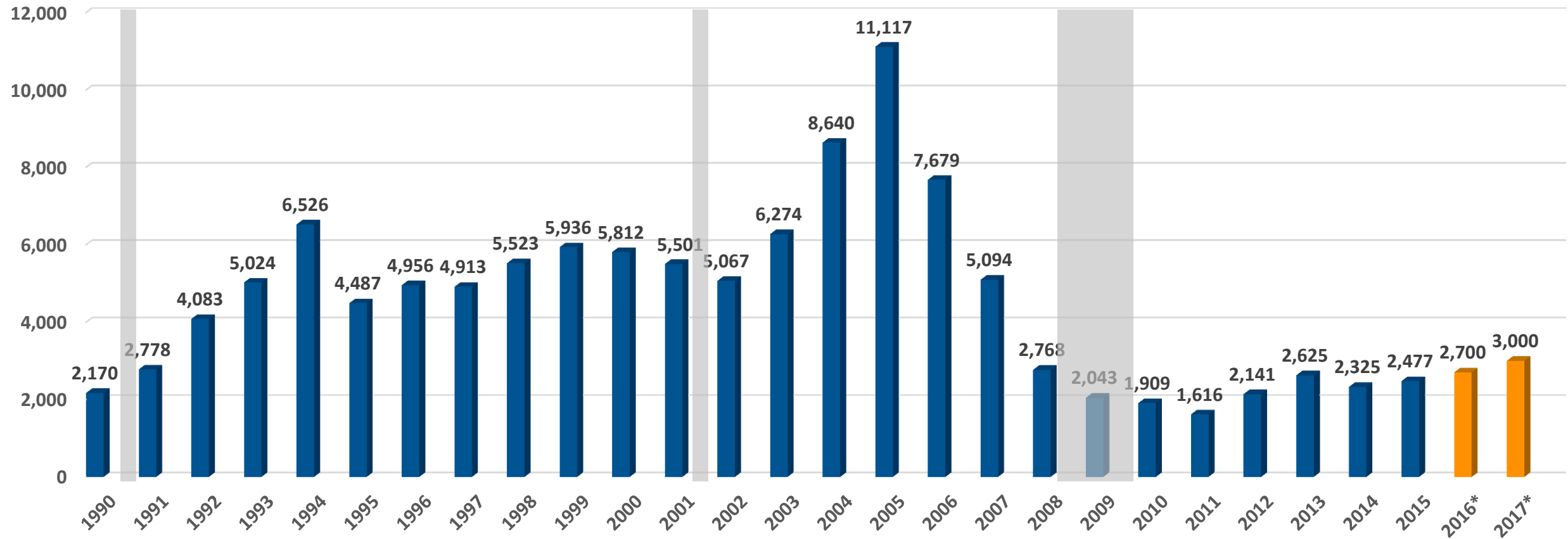
\*Through Q2 2016

# Metro Tucson Single Family Home Permits

1990-2017\*

Source: U.S. Census Bureau

Recession Period



\*Forecast

# Other parts of the state?

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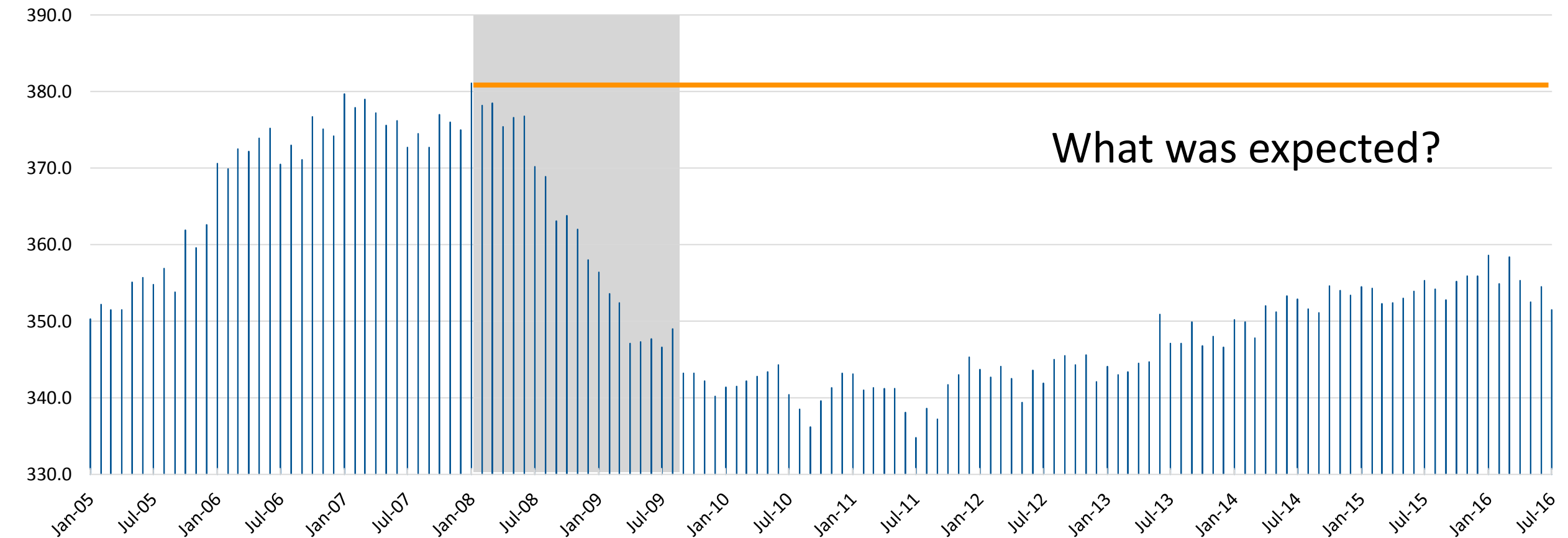
# Balance of State is 31.2% Recovered

2005 - 2016\*

Source: U.S. Bureau of Labor Statistics

Recession Period

Thousands



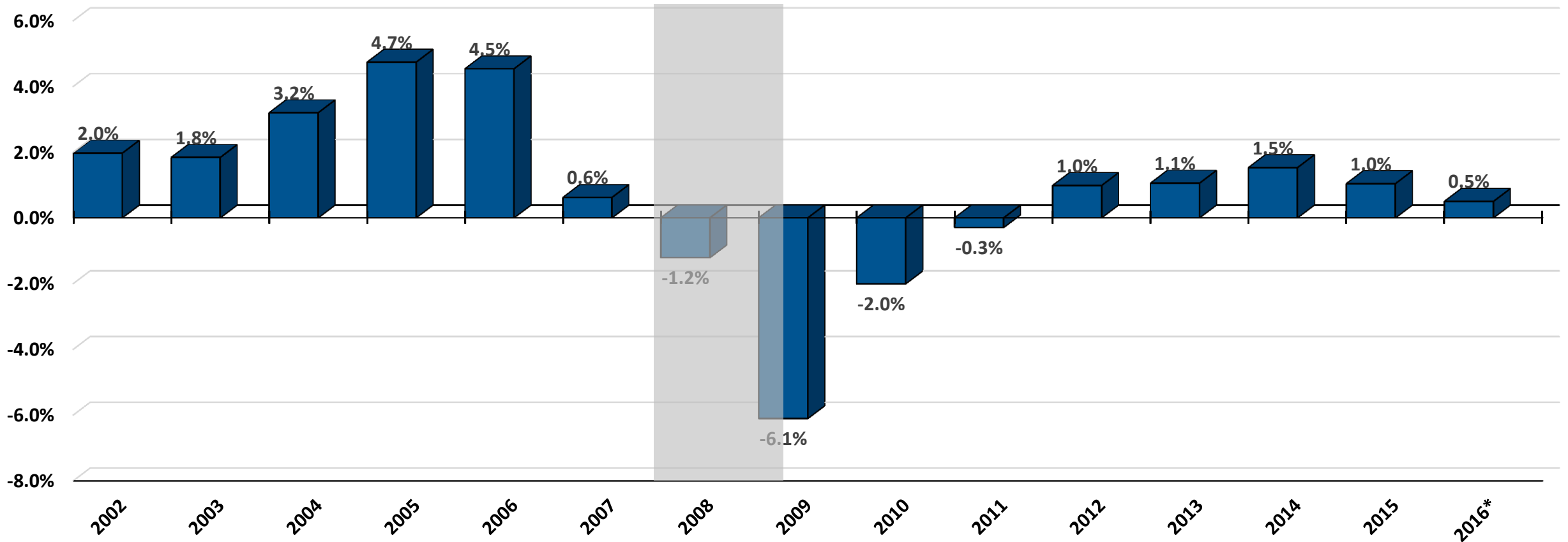
\*Through July 2016

# Balance of State Employment

Annual Percent Change 2002 - 2016\*

Source: Arizona Department of Administration

Recession Period

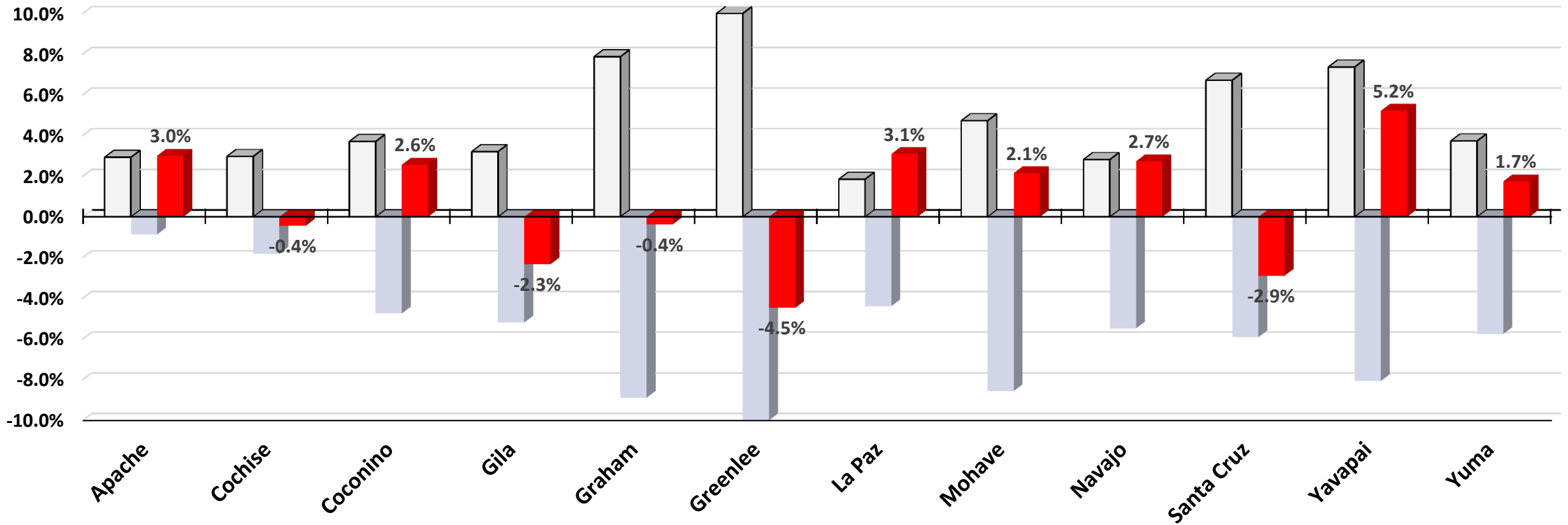


\*YTD through July 2016

# Balance of State Employment by County

Annual Percent Change 2006, 2009, 2016\*

Source: Arizona Department of Administration



\*2016 YTD through July 2016

□ 2006    ■ 2009    ■ 2016 YTD

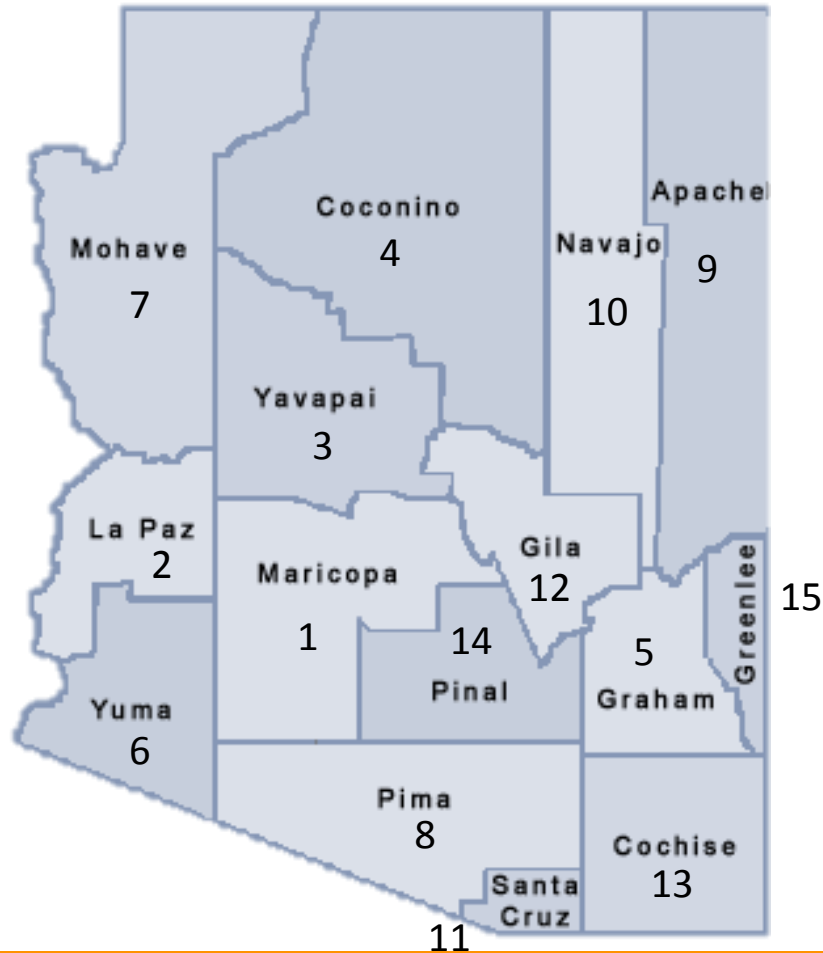


# Employment Growth

## 2015 Ranking by County

Source: Arizona Department of Administration

**Doesn't tell full story!!!**



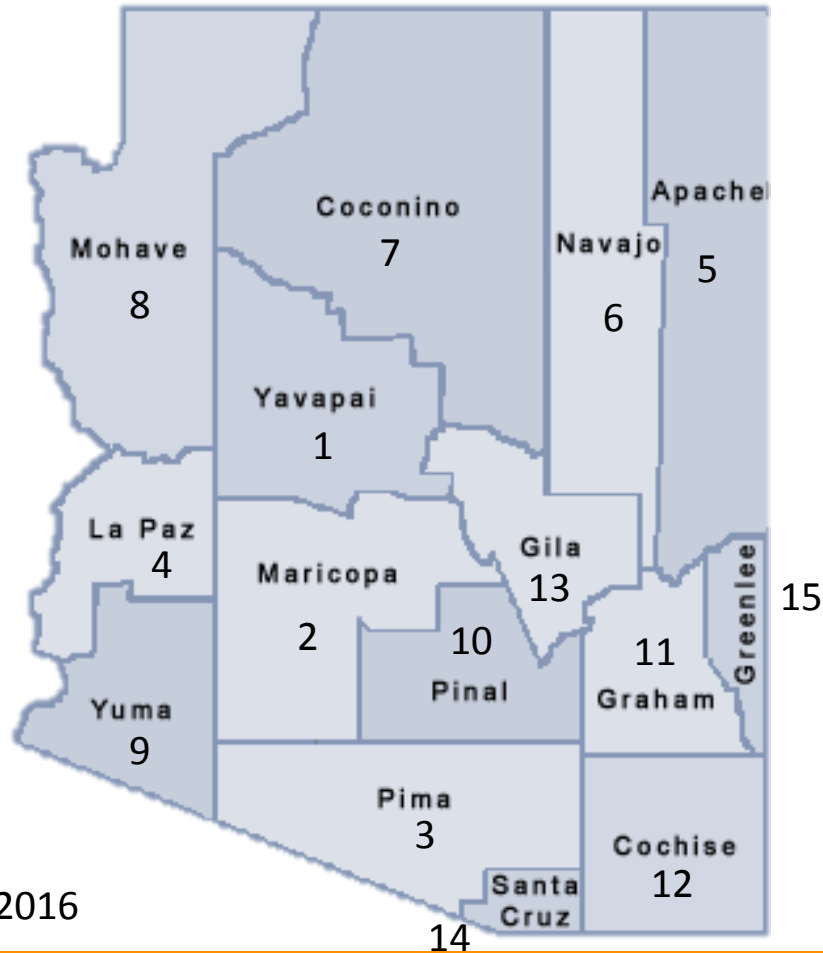
Arizona Counties		
Rank	% Growth	County
1	3.4%	Maricopa County
2	2.9%	La Paz County
3	2.9%	Yavapai County
4	2.0%	Coconino County
5	2.0%	Graham County
6	1.7%	Yuma County
7	1.7%	Mohave County
8	0.8%	Pima County
9	0.1%	Apache County
10	-0.1%	Navajo County
11	-0.2%	Santa Cruz County
12	-0.7%	Gila County
13	-0.9%	Cochise County
14	-0.9%	Pinal County
15	-17.4%	Greenlee County

# Employment Growth

## 2016\* Ranking by County

Source: Arizona Department of Administration

**Doesn't tell full story!!!**



Arizona Counties		
Rank	% Growth	County
1	5.22%	Yavapai County
2	3.99%	Maricopa County
3	3.71%	Pima County
4	3.09%	La Paz County
5	3.01%	Apache County
6	2.74%	Navajo County
7	2.57%	Coconino County
8	2.15%	Mohave County
9	1.75%	Yuma County
10	-0.35%	Pinal County
11	-0.37%	Graham County
12	-0.44%	Cochise County
13	-2.33%	Gila County
14	-2.89%	Santa Cruz County
15	-4.48%	Greenlee County

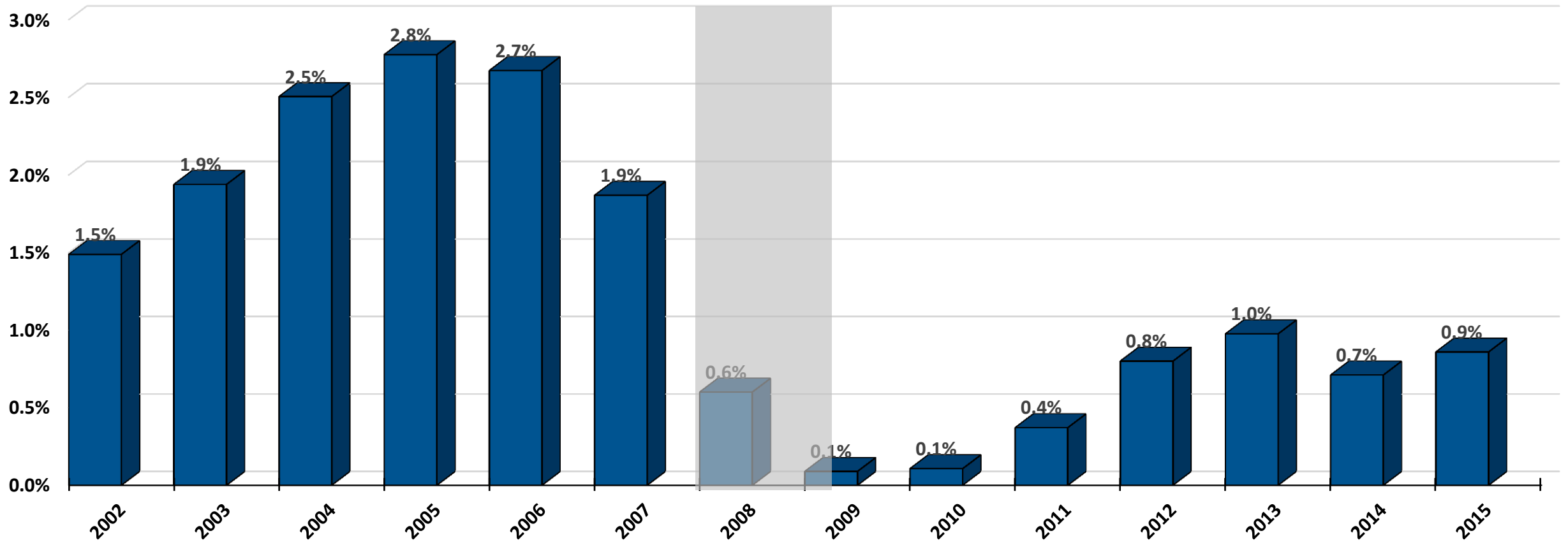
\*YTD through July 2016

# Balance of State Population

## Annual Percent Change 2002 - 2015

Source: Arizona Department of Administration

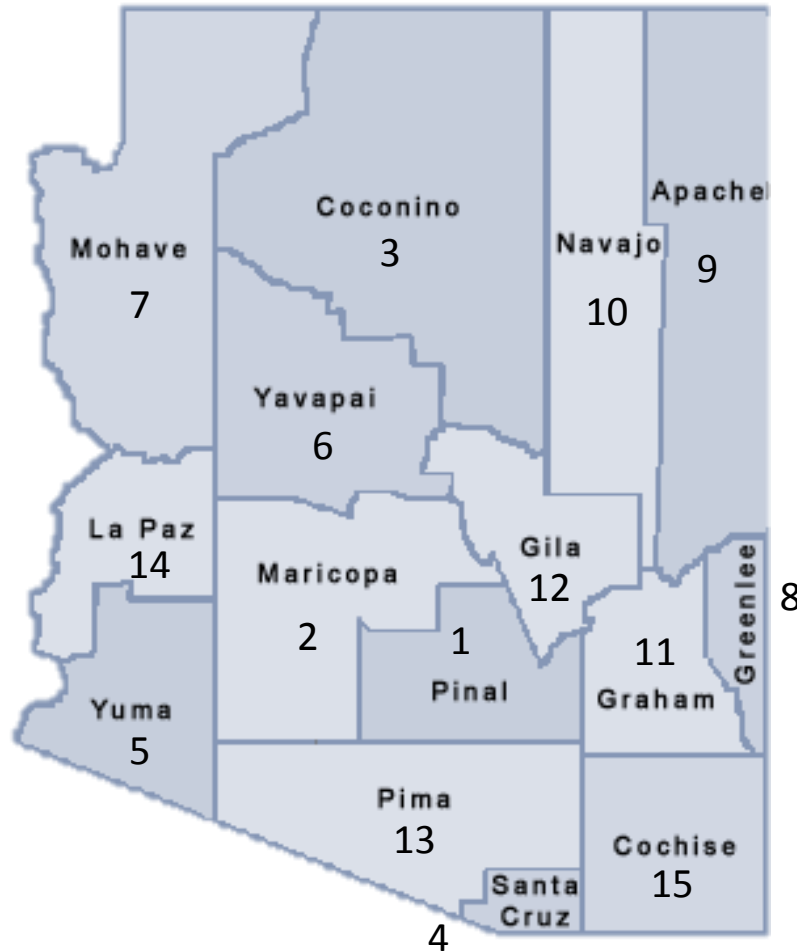
 Recession Period



# Population Growth

## 2015 Ranking by County

Source: Arizona Department of Administration



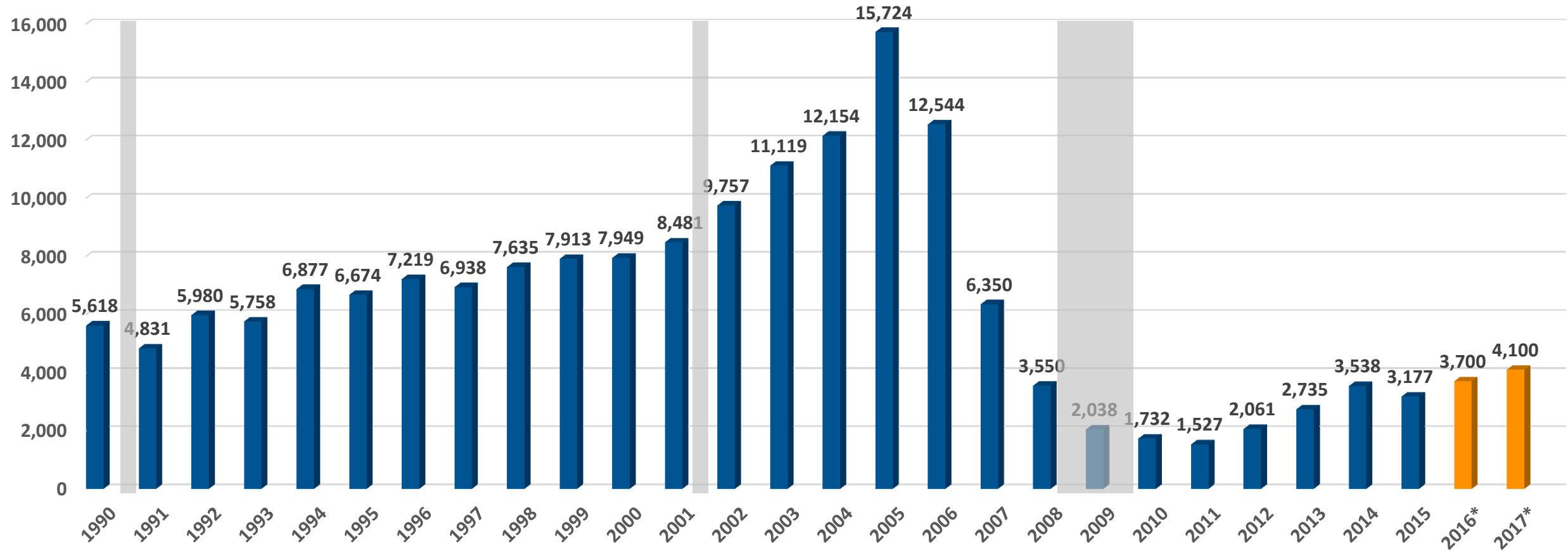
Arizona Counties		
Rank	% Growth	County
1	2.6%	Pinal County
2	1.7%	Maricopa County
3	1.6%	Coconino County
4	1.4%	Santa Cruz County
5	1.4%	Yuma County
6	1.1%	Yavapai County
7	0.8%	Mohave County
8	0.8%	Greenlee County
9	0.5%	Apache County
10	0.4%	Navajo County
11	0.4%	Graham County
12	0.3%	Gila County
13	0.2%	Pima County
14	-0.1%	La Paz County
15	-0.4%	Cochise County

# Balance of State Single Family Home Permits

1990-2017\*

Source: U.S. Census Bureau

Recession Period



\*Forecast

# Where to Focus...How to Impact Growth?

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- Recruit businesses?
- Grow from within?



# Businesses Still Need Stuff...

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- Quality workforce,
- Quality roads,
- Competitive costs,
- Consistent government,
- etc. etc. etc.





# What do people need?

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- Jobs,
- Amenities,
- Affordable housing,
- Available financing,
- Better balance sheets,
- Etc.



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